

THE HONORABLE PAUL B. SNYDER
Chapter 11

Hearing Date **Thurs., May 29, 2014**
Hearing Time: **9:00 a.m.**
Location: **Courtroom H, Tacoma**
Response Date: **Thurs., May 22, 2014**

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA

In re

Case No. 14-41858-PBS

GATEWAYS FOR YOUTH AND
FAMILIES

Debtor.

**MOTION TO REJECT
NONRESIDENTIAL REAL
PROPERTY LEASE
(11605 Bridgeport Way S, Tacoma)**

Gateways for Youth and Families (the "**Debtor**" or "**Gateways**") as debtor and debtor in possession, by its undersigned counsel, hereby moves as follows:

JURISDICTION

1. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this motion constitutes a core proceeding within the meaning of 28 U.S.C. § 157(b). Venue is proper under 28 U.S.C. §§ 1408 and 1409.

RELIEF REQUESTED

2. By this Motion, the Debtor requests an order authorizing the Debtor to reject the Lease (defined below) effective as of April 2, 2014 (the "**Petition Date**").

MOTION TO REJECT NONRESIDENTIAL
REAL PROPERTY LEASE - 1
LEGAL120507626.1

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BACKGROUND

3. On the Petition Date, the Gateways filed its voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “***Bankruptcy Code***”). Pursuant to sections 1107 and 1108 of the Bankruptcy Code, Gateways continues to operate its business and manage its property as a debtor and debtor in possession. No trustee or examiner has been requested or appointed in this case. An official committee of unsecured creditors has not been appointed.

4. Gateways and James E. Kirkebo, Jr. (“***Landlord***”) are parties to a lease agreement (the “***Lease***”) pursuant to which the Gateways agreed to lease from Landlord a portion of the premises located at 11605 Bridgeport Way S., Tacoma, Washington 98498 (the “***Property***”). Attached as Exhibit A hereto is a copy of the Lease.

5. Gateways used the Property to operate a bingo hall, which provided income to subsidize Gateways’ charitable operations. Gateways ceased operating the bingo hall in October 2013 after its revenues significantly declined. The Debtor has not conducted any operations since that time and, accordingly, the Lease of the Property is no longer necessary or beneficial to Gateways’ business or its reorganization efforts.

BASIS FOR RELIEF REQUESTED

6. A debtor in possession may assume or reject any executory contract or unexpired lease, subject to approval by the Court. 11 U.S.C. § 365(a). In evaluating the Debtor’s decision, the Court “should presume that the debtor-in-possession acted prudently, on an informed basis, in good faith, and in the honest belief that the action taken was in the best interests of the bankruptcy estate.” *In re Pomona Valley Medical Group, Inc.*, 476 F.3d 665, 670 (9th Cir. 2007). The Court should approve the decision to assume or reject an

1 executory contract or unexpired lease “unless it finds that the debtor-in-possession’s
2 conclusion...is so manifestly unreasonable that it could not be based on sound business
3 judgment, but only on bad faith, or whim or caprice.” *Id.*
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8 7. Gateways has determined in its business judgment that rejecting the Lease is
9 in the best interests of the estate. Gateways ceased operations at the Property and vacated
10 the Property prior to the Petition Date. Gateways does not intend to utilize the Property in
11 the future. Accordingly, rejecting the Lease will reduce operating expenses without
12 negatively affecting the Debtor’s operations or the Debtor’s reorganization efforts.
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20 WHEREFORE, for the foregoing reasons, Gateways respectfully requests entry of an
21 Order, a proposed form of which is included with this Motion, authorizing Gateways to
22 reject the Lease effective as of the Petition Date.
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28 DATED: April 16, 2014
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PERKINS COIE LLP

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